## SCHEDULE K (Form 1120-DISC)

## Shareholder's Statement of DISC Distribution—1977

For calendar year 1977 or other taxable year

File with

Department of the Treasury Internal Revenue Service

◆ beginning ....., 1977, ending ....., 19...... (Complete for each shareholder—See instructions on back of Copy C)

Form 1120-DISC

COPY A

Complete for each a	, , , , , , , , , , , , , , , , , , ,
Part 1 Taxable Distributions	
1 Deemed distributions: (a) Under section 995(b)(1	)
(b) Annual installment under	er section 995(b)(2)
(c) Total of lines 1(a) and 3	l(b) , , , , , ,
2 Actual taxable distributions	
	(Enter here and report in Section A or B below)
Section A.—Individuals, Partnerships, Trusts, ar	
4 Portion of line 3 above:  (a) Entitled to the dividend exclusion under section 116	5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243
(b) Not entitled to the dividend exclusion .	(b) Not entitled to the dividends-received deduction
Part   Nontaxable Distributions	
1 Actual distributions out of previously taxed income	(section 996(f)(2))
3 Total nontaxable distributions—Add lines 1 and 2	
Part III Other Distributions	
1 Accumulated DISC income attributable to stock sol	d during the year
Name, identifying number, and address (including ZIP code) of	shareholder Name, employer identification number, and address (including ZIP code) of DISC or former DISC
(Form 1120—DISC) For calen Department of the Treasury beginning	tement of DISC Distribution—1977  dar year 1977 or other taxable year  1977, ending
(Form 1120—DISC) For calen	dar year 1977 or other taxable year File with
(Form 1120—DISC) For calen Department of the Treasury beginning	dar year 1977 or other taxable year File with Form 1120-DISC
Part   Taxable Distributions  1 Deemed distributions: (a) Under section 995(b)(1) (b) Annual installment under (c) Total of lines 1(a) and 1 2 Actual taxable distributions—Add line 1(c) and line 2	dar year 1977 or other taxable year , 1977, ending, 19 hareholder—See instructions on back of Copy C)  r section 995(b)(2),  (Enter here and report in Section A or B below)
Part 1 Taxable Distributions  Deemed distributions: (a) Under section 995(b) (1)  (b) Annual installment under (c) Total of lines 1(a) and 1  Actual taxable distributions—Add line 1(c) and line 2  Section A.—Individuals, Partnerships, Trusts, and	File with Form 1120—DISC  r section 995(b)(2) (b) (Enter here and report in Section A or B below)  d Estates Section B.—Corporations
Part   Taxable Distributions  1 Deemed distributions: (a) Under section 995(b)(1) (b) Annual installment under (c) Total of lines 1(a) and 1  2 Actual taxable distributions	dar year 1977 or other taxable year , 1977, ending, 19 hareholder—See instructions on back of Copy C)  r section 995(b)(2),  (Enter here and report in Section A or B below)
Part I Taxable Distributions  Dependent distributions: (a) Under section 995(b)(1)  (b) Annual installment under (c) Total of lines 1(a) and 1  Actual taxable distributions—Add line 1(c) and line 2  Section A.—Individuals, Partnerships, Trusts, and 1  Portion of line 3 above:  (a) Entitled to the dividend exclusion	File with  Form 1120—DISC  File with Form 1120—DISC  r section 995(b)(2)  (Enter here and report in Section A or B below)  d Estates  Section B.—Corporations  5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243  (b) Not entitled to the dividends-re-
Part I Taxable Distributions  Deemed distributions: (a) Under section 995(b)(1)  (b) Annual installment under (c) Total of lines 1(a) and 1  Actual taxable distributions—Add line 1(c) and line 2  Section A.—Individuals, Partnerships, Trusts, and Portion of line 3 above:  (a) Entitled to the dividend exclusion under section 116	File with Form 1120—DISC  r section 995(b)(2) (b) (Enter here and report in Section A or B below)  d Estates  Section B.—Corporations  5 Portion of line 3 above: (a) Entitled to the dividends-received deduction under section 243
Part I Taxable Distributions  Deemed distributions: (a) Under section 995(b) (1)  (b) Annual installment under (c) Total of lines 1(a) and 1  Actual taxable distributions—Add line 1(c) and line 2  Section A.—Individuals, Partnerships, Trusts, and Portion of line 3 above:  (a) Entitled to the dividend exclusion under section 116	File with Form 1120-DISC  File with Form 1120-DISC  r section 995(b)(2)  (b)  (Enter here and report in Section A or B below)  d Estates  Section B.—Corporations  5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243  (b) Not entitled to the dividends-received deduction under section 6 deduction under section 243  (b) Not entitled to the dividends-received deduction under section 243
Part I Taxable Distributions  1 Deemed distributions: (a) Under section 995(b)(1) (b) Annual installment under (c) Total of lines 1(a) and 1 2 Actual taxable distributions—Add line 1(c) and line 2 3 Total taxable distributions—Add line 1(c) and line 2 3 Portion of line 3 above: (a) Entitled to the dividend exclusion under section 116  (b) Not entitled to the dividend exclusion  Part I Nontaxable Distributions  Actual distributions out of previously taxed income	File with Form 1120—DISC  File with Form 1120—DISC  r section 995(b)(2)  (Enter here and report in Section A or B below)  d Estates  Section B.—Corporations  5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243  (b) Not entitled to the dividends-received deduction under section 243  (section 996(f)(2))
Part I Taxable Distributions  Deemed distributions: (a) Under section 995(b)(1)  (b) Annual installment under (c) Total of lines 1(a) and 1  Actual taxable distributions—Add line 1(c) and line 2  Section A.—Individuals, Partnerships, Trusts, and 1  Portion of line 3 above:  (a) Entitled to the dividend exclusion under section 116  (b) Not entitled to the dividend exclusion actual distributions out of previously taxed income of the context of the contex	File with Form 1120—DISC  File with Form 1120—DISC  r section 995(b)(2)  (Enter here and report in Section A or B below)  Gentrates  Section B.—Corporations  5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243  (b) Not entitled to the dividends-received deduction under section 243  (section 996(f)(2))  (section 996(f)(2))
Part I Taxable Distributions  Deemed distributions: (a) Under section 995(b)(1)  (b) Annual installment under (c) Total of lines 1(a) and 1  Actual taxable distributions—Add line 1(c) and line 2  Section A.—Individuals, Partnerships, Trusts, and 1  Portion of line 3 above:  (a) Entitled to the dividend exclusion under section 116  (b) Not entitled to the dividend exclusion  Part I Nontaxable Distributions  Actual distributions out of previously taxed income 2  Other actual nontaxable distributions	File with Form 1120—DISC  File with Form 1120—DISC  r section 995(b)(2)  (Enter here and report in Section A or B below)  d Estates  Section B.—Corporations  5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243  (b) Not entitled to the dividends-received deduction under section 243  (section 996(f)(2))
Part I Taxable Distributions  Deemed distributions: (a) Under section 995(b) (1) (b) Annual installment under (c) Total of lines 1(a) and 1 (c) Total taxable distributions—Add line 1(c) and line 2 (a) Entitled to the dividend exclusion under section 116  Part I Nontaxable distributions  Actual taxable distributions—Add line 1(c) and line 2 (b) Entitled to the dividend exclusion under section 116  Actual distributions out of previously taxed income 2 (c) Other actual nontaxable distributions—Add lines 1 and 2 (c) Total nontaxable distributions—Add lines 1 and 2 (c) Total of lines 3 above:  (a) Entitled to the dividend exclusion under section 116  Actual distributions out of previously taxed income 2 (c) Total nontaxable distributions—Add lines 1 and 2 (c) Total nontaxable distributions	File with Form 1120—DISC  File with Form 1120—DISC  r section 995(b)(2)  (Enter here and report in Section A or B below)  Gentrates  Section B.—Corporations  5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243  (b) Not entitled to the dividends-received deduction under section 243  (section 996(f)(2))  (section 996(f)(2))

of DISC or former DISC

#### Shareholder's Statement of DISC Distribution—1977 SCHEDULE K COPY B For calendar year 1977 or other taxable year (Form 1120-DISC) For Shareholder Department of the Treasury Internal Revenue Service Part | Taxable Distributions 1 Deemed distributions: (a) Under section 995(b)(1) . . . . . . (b) Annual installment under section 995(b)(2) (c) Total of lines 1(a) and 1(b) . . . . 2 Actual taxable distributions . 3 Total taxable distributions—Add line 1(c) and line 2 Section A.—Individuals, Partnerships, Trusts, and Estates Section B.— -Corporations 5 Portion of line 3 above: 4 Portion of line 3 above: (a) Entitled to the dividends-received de-(a) Entitled to the dividend exclusion under section 116. . . . . . . duction under section 243 (b) Not entitled to the dividends-re-(b) Not entitled to the dividend exclusion . ceived deduction Nontaxable Distributions 1 Actual distributions out of previously taxed income (section 996(f)(2)). 2 Other actual nontaxable distributions . . . . 3 Total nontaxable distributions—Add lines 1 and 2 . Part III Other Distributions 1 Accumulated DISC income attributable to stock sold during the year . Name, employer identification number, and address (including ZIP code) Name, identifying number, and address (including ZIP code) of shareholder of DISC or former DISC Shareholder's Statement of DISC Distribution—1977 SCHEDULE K COPY B For calendar year 1977 or other taxable year (Form 1120-DISC) For Shareholder beginning ....., 1977, ending ....., 19...... Department of the Treasury Internal Revenue Service Taxable Distributions Part I 1 Deemed distributions: (a) Under section 995(b)(1) . . . . . . (b) Annual installment under section 995(b)(2) . . . (c) Total of lines 1(a) and 1(b) . . . . . 2 Actual taxable distributions . . . . . . 3 Total taxable distributions—Add line 1(c) and line 2 Section A.—Individuals, Partnerships, Trusts, and Estates Section B.—Corporations 4 Portion of line 3 above: 5 Portion of line 3 above: (a) Entitled to the dividend exclusion (a) Entitled to the dividends-received deduction under section 243 under section 116. . . . . . . . . . (b) Not entitled to the dividends-received deduction (b) Not entitled to the dividend exclusion.

Name, employer identification number, and address (including ZIP code)

of DISC or former DISC

Part II Nontaxable Distributions

Part | Other Distributions

2 Other actual nontaxable distributions . . . . . .3 Total nontaxable distributions—Add lines 1 and 2 .

1 Actual distributions out of previously taxed income (section 996(f)(2)) .

1 Accumulated DISC income attributable to stock sold during the year .

Name, identifying number, and address (including ZIP code) of shareholder

#### Instructions For Shareholder

(References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—You will receive Copy B of Schedule K (Form 1120–DISC) if you had an actual or deemed distribution from a DISC or former DISC.

It is being used by the DISC or former DISC to inform you of your share of distributions. Retain it for your records and do not file with your income tax return. The original has been filed with the Internal Revenue Service.

B. WHEN TO REPORT DEEMED AND ACTUAL TAXABLE DISTRIBUTIONS.—Report deemed and actual taxable distributions (and gain on the sale of stock to the extent of accumulated DISC income) on your tax return as "Distributions from a DISC."

Deemed distributions.—You are treated as having received the deemed distributions on line 1(c) of Part I on the last day of the taxable year of the DISC or former DISC. You must pay tax on them in your taxable year that includes such date. The last day of the taxable year of the DISC or former DISC is shown in the heading on the reverse side.

If you acquired stock in a DISC during the DISC's taxable year, see instruction F.

Deemed distributions increase the basis of the stock for which the distribution was made.

Actual distributions.—You must pay tax on the actual distributions on line 2 of Part I in the year the distributions were received.

C. AMOUNT OF INCOME TO REPORT.—In general, your total taxable distribution from a DISC is the amount on line 3 of Part I. See

instructions E and F for exceptions. See instruction G for certain circumstances in which distributions from previously taxed income may be taxable.

D. DIVIDEND EXCLUSION AND DIVIDENDS-RECEIVED DEDUCTION.—Section A will be completed if you are an individual, partnership, trust, or estate. Section B will be completed if you are a corporation.

Individuals, partnerships, trusts, and estates.—Line 4(a) of Section A shows the portion of the total taxable distribution on line 3 that qualifies for the dividend exclusion under section 116. Line 4(b) of Section A shows the portion that is not entitled to the dividend exclusion.

Corporations.—Line 5(a) of Section B shows the portion of the total taxable distribution on line 3 that qualifies for the 85% dividends-received deduction under section 243. Line 5(b) shows the portion that is not entitled to the 85% dividends-received deduction.

E. EFFECT OF DISPOSITION OF STOCK IN A DISC OR FORMER DISC.—If you disposed of stock in a DISC or former DISC you may be required to include in gross income all or part of your gain as a dividend under section 995(c). The gain is included as a dividend to the extent of the "accumulated DISC income" which is attributable to the stock and which was accumulated in taxable years during the period the stock disposed of was held by you. The amount entered on line 1 of Part III is the accumulated DISC income attributable to the stock during the period, or periods, you held the stock. This dividend is not eligible for the 85% dividends-received deduction.

F. EFFECT OF ACQUISITION OF STOCK IN A DISC.—If you acquired stock in a DISC or

acquired stock from a shareholder described in instruction E, you may be able to treat some portion of the distribution on line 1(a) and/or line 1(b) of Part I as a nontaxable distribution of previously taxed income under section 996(d).

G. EFFECT OF THE RECEIPT OF NONTAX-ABLE DISTRIBUTIONS.—In general, (1) distributions of previously taxed income and (2) distributions out of other than previously taxed income, accumulated DISC income, and other earnings and profits are not taxable.

Actual distributions out of previously taxed income (line 1 of Part II).—Distributions out of previously taxed income are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

If stock in a DISC is included in the gross estate of a decedent for which an election is made under section 2032, see section 1014(d) and section 1.1014-1(b) of the regulations.

Other actual nontaxable distributions (line 2 of Part it).—Distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

H. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS, TRUSTS, AND ESTATES.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S.

#### Instructions For Shareholder

(References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—You will receive Copy B of Schedule K (Form 1120–DISC) if you had an actual or deemed distribution from a DISC or former DISC.

It is being used by the DISC or former DISC to inform you of your share of distributions. Retain it for your records and do not file it with your income tax return. The original has been filed with the Internal Revenue Service.

B. WHEN TO REPORT DEEMED AND ACTUAL TAXABLE DISTRIBUTIONS.—Report deemed and actual taxable distributions (and gain on the sale of stock to the extent of accumulated DISC income) on your tax return as "Distributions from a DISC."

Deemed distributions.—You are treated as having received the deemed distributions on line 1(c) of Part I on the last day of the taxable year of the DISC or former DISC. You must pay tax on them in your taxable year that includes such date. The last day of the taxable year of the DISC or former DISC is shown in the heading on the reverse side.

If you acquired stock in a DISC during the DISC's taxable year, see instruction F.

Deemed distributions increase the basis of the stock for which the distribution was made.

Actual distributions.—You must pay tax on the actual distributions on line 2 of Part I in the year the distributions were received.

C. AMOUNT OF INCOME TO REPORT.—In general, your total taxable distribution from a DISC is the amount on line 3 of Part I. See

instructions E and F for exceptions. See instruction G for certain circumstances in which distributions from previously taxed income may be taxable.

D. DIVIDEND EXCLUSION AND DIVIDENDS-RECEIVED DEDUCTION.—Section A will be completed if you are an individual, partnership, trust, or estate. Section B will be completed if you are a corporation.

Individuals, partnerships, trusts, and estates.—Line 4(a) of Section A shows the portion of the total taxable distribution on line 3 that qualifies for the dividend exclusion under section 116. Line 4(b) of Section A shows the portion that is not entitled to the dividend exclusion.

Corporations.—Line 5(a) of Section B shows the portion of the total taxable distribution on line 3 that qualifies for the 85% dividends-received deduction under section 243. Line 5(b) shows the portion that is not entitled to the 85% dividends-received deduction.

E. EFFECT OF DISPOSITION OF STOCK IN A DISC OR FORMER DISC.—If you disposed of stock in a DISC or former DISC you may be required to include in gross income all or part of your gain as a dividend under section 995(c). The gain is included as a dividend to the extent of the "accumulated DISC income" which is attributable to the stock and which was accumulated in taxable years during the period the stock disposed of was held by you. The amount entered on line 1 of Part III is the accumulated DISC income attributable to the stock during the period, or periods, you held the stock. This dividend is not eligible for the 85% dividends-received deduction.

F. EFFECT OF ACQUISITION OF STOCK IN A DISC.—If you acquired stock in a DISC or

acquired stock from a shareholder described in instruction E, you may be able to treat some portion of the distribution on line 1(a) and/or line 1(b) of Part I as a nontaxable distribution of previously taxed income under section 996(d).

G. EFFECT OF THE RECEIPT OF NONTAX-ABLE DISTRIBUTIONS.—In general, (1) distributions of previously taxed income and (2) distributions out of other than previously taxed income, accumulated DISC income, and other earnings and profits are not taxable.

Actual distributions out of previously taxed income (line 1 of Part II).—Distributions out of previously taxed income are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

If stock in a DISC is included in the gross estate of a decedent for which an election is made under section 2032, see section 1014(d) and section 1.1014–1(b) of the regulations.

Other actual nontaxable distributions (line 2 of Part II).—Distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits are nontaxable to the extent of your basis in the stock for which the distribution was made. Treat distributions in excess of your basis as a gain from the sale or exchange of property.

H. NONRESIDENT ALIEN INDIVIDUALS AND FOREIGN CORPORATIONS, TRUSTS, AND ESTATES.—Treat all gains on the disposition of stock in a DISC or former DISC and all distributions out of accumulated DISC income, including deemed distributions, as effectively connected with the conduct of a trade or business through a permanent establishment within the U.S.

## SCHEDULE K (Form 1120-DISC)

Department of the Treasury

# Shareholder's Statement of DISC Distribution—1977 For calendar year 1977 or other taxable year

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ning	_	1977.	ending	 

.., 19......

COPY C For DISC

Internal Revenue Service			
Part I Taxable	Distributions		
1 Deemed distribution	s: (a) Under section 995(b)(1)		
	(b) Annual installment under section 99		
	(c) Total of lines 1(a) and 1(b)	1111	
2 Actual taxable distri	butions		
	utions—Add line 1(c) and line 2	<u></u>	
Section A.—Individu	als, Partnerships, Trusts, and Estates	Section B.—Corporations	
4 Portion of line 3 abo (a) Entitled to the under section 11	dividend exclusion	5 Portion of line 3 above:  (a) Entitled to the dividends-received deduction under section 243	
(h) Not entitled to th	e dividend exclusion .	(b) Not entitled to the dividends-re- ceived deduction	
	ble Distributions	cerved deduction	
		05(0)(0))	
	out of previously taxed income (section 99		
	able distributions		
	istributions		
<del></del>		Name ampleyer identification number and address	c (including 7IP code)
Name, identifying number,	and address (including ZIP code) of shareholder	Name, employer identification number, and addres of DISC or former DISC	s (mendang zir code)
SCHEDULE K		f DISC Distribution—1977	COPY C
(Form 1120-DISC)		7 or other taxable year	
Department of the Treasury Internal Revenue Service	beginning, 1977	, ending, 19	For DISC
Part I Taxable	Distributions		
	s: (a) Under section 995(b)(1)		
1 Deemed distribution	(b) Annual installment under section 99		
	(c) Total of lines 1(a) and 1(b)	)3(b)(2)	
2 Actual taxable distri			
2 Actual taxable distrib	utions—Add line 1(c) and line 2		
	als, Partnerships, Trusts, and Estates	Section B.—Corporations	·
4 Portion of line 3 abo	• • • • • • • • • • • • • • • • • • • •	5 Portion of line 3 above:	
	dividend exclusion	(a) Entitled to the dividends-received deduction under section 243	
	ne dividend exclusion .	(b) Not entitled to the dividends-re- ceived deduction	
Part II Nontaxa	ble Distributions		
1 Actual distributions	out of previously taxed income (section 99	96(f)(2))	
2 Other actual nontaxa	able distributions		
	ributions—Add lines 1 and 2	<u> </u>	
Part III Other D	istributions		
1 Accumulated DISC in	ncome attributable to stock sold during the	year	
Name, identifying number,	and address (including ZIP code) of shareholder	Name, employer identification number, and addres of DISC or former DISC	s (including ZIP code)

A. GENERAL INSTRUCTIONS.—Complete Schedule K (Form 1120—DISC) for each shareholder who had an actual or deemed distribution during the taxable year. File Copy A with Form 1120—DISC (or Form 1120 if you are a former DISC). Give Copy B to the shareholder by the last day of the second month following the close of your taxable year. Keep Copy C for your records.

Actual and deemed dividend distributions do not have to be reported on Form 1099—DIV.

B. SPECIFIC INSTRUCTIONS FOR PART I (TAXABLE DISTRIBUTIONS).—Enter on line 1(a) the shareholder's portion of the deemed distributions under section 995(b)(1) and on line 1(b) his portion of the annual installment under section 995 (b)(2). The sum of the amounts entered on these lines for all shareholders should equal the total reported in Part I and Part III, Schedule J, Form 1120—DISC.

Enter on line 2 of Part I the amount of actual distributions that are tax-

Instructions for DISC or Former DISC (References are to the Internal Revenue Code)

able to the shareholder. These are distributions that are out of accumulated DISC income and other earnings and profits.

Complete Section A if the share-holder is an individual, partnership, trust, or estate. Complete Section B if the shareholder is a corporation. Dividends out of other earnings and profits are eligible for the dividend exclusion and the 85% dividends-received deduction. No 85% dividends-received deduction is allowed for a dividend from a DISC or former DISC if it—

- (1) is paid out of accumulated DISC income;
- (2) is paid out of previously taxed income; or
- (3) is a deemed distribution pursuant to section 995(b)(1).
- C. SPECIFIC INSTRUCTIONS FOR PART II (NONTAXABLE DISTRIBUTIONS).—Enter on line 1 the shareholder's portion of actual distributions out of previously taxed income. The total of this line for all share-

holders should equal the total reported on line 4(a), Part IV, Schedule J. Form 1120-DISC.

Enter on line 2 the shareholder's portion of actual nontaxable distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total reported on line 4(d), Part IV, Schedule J, Form 1120–DISC.

D. SPECIFIC INSTRUCTIONS FOR PART 111 (OTHER DISTRIBU-TIONS).—If (1) a shareholder disposes of stock in a DISC or former DISC or (2) the stock of a DISC or former DISC is disposed of in a transaction that terminates the separate corporate existence of the DISC or former DISC (other than a mere change in the place of organization), enter on line 1 of Part III the accumulated DISC income attributable to the stock and accumulated in the DISC during the period the shareholder held the stock.

# U.S. GOVERNMENT PRINTING OFFICE: 1977-0-235-112 E.I. # 52-0237640

# Instructions for DISC or Former DISC (References are to the Internal Revenue Code)

A. GENERAL INSTRUCTIONS.—Complete Schedule K (Form 1120—DISC) for each shareholder who had an actual or deemed distribution during the taxable year. File Copy A with Form 1120—DISC (or Form 1120 if you are a former DISC). Give Copy B to the shareholder by the last day of the second month following the close of your taxable year. Keep Copy C for your records.

Actual and deemed dividend distributions do not have to be reported on Form 1099—DIV.

B. SPECIFIC INSTRUCTIONS FOR PART I (TAXABLE DISTRIBUTIONS).—Enter on line 1(a) the shareholder's portion of the deemed distributions under section 995(b)(1) and on line 1(b) his portion of the annual installment under section 995 (b)(2). The sum of the amounts entered on these lines for all shareholders should equal the total reported in Part I and Part III, Schedule J, Form 1120–DISC.

Enter on line 2 of Part I the amount of actual distributions that are tax-

able to the shareholder. These are distributions that are out of accumulated DISC income and other earnings and profits.

Complete Section A if the share-holder is an individual, partnership, trust, or estate. Complete Section B if the shareholder is a corporation. Dividends out of other earnings and profits are eligible for the dividend exclusion and the 85% dividends-received deduction. No 85% dividends-received deduction is allowed for a dividend from a DISC or former DISC if it—

- (1) is paid out of accumulated DISC income;
- (2) is paid out of previously taxed income; or
- (3) is a deemed distribution pursuant to section 995(b)(1).

C. SPECIFIC INSTRUCTIONS FOR PART II (NONTAXABLE DISTRIBUTIONS).—Enter on line 1 the share-holder's portion of actual distributions out of previously taxed income. The total of this line for all share-

holders should equal the total reported on line 4(a), Part IV, Schedule J. Form 1120-DISC.

Enter on line 2 the shareholder's portion of actual nontaxable distributions out of other than (1) previously taxed income, (2) accumulated DISC income, and (3) other earnings and profits. The total of this line for all shareholders should equal the total reported on line 4(d), Part IV, Schedule J, Form 1120–DISC.

D. SPECIFIC INSTRUCTIONS FOR PART OTHER DISTRIBU-TIONS).—If (1) a shareholder disposes of stock in a DISC or former DISC or (2) the stock of a DISC or former DISC is disposed of in a transaction that terminates the separate corporate existence of the DISC or former DISC (other than a mere change in the place of organization), enter on line 1 of Part III the accumulated DISC income attributable to the stock and accumulated in the DISC during the period the shareholder held the stock.